



Act 73

Provisions

# Section 1 – Purpose of Act

1. Promote economic development for local food and energy businesses by providing necessary funding, guidance, and infrastructure;
2. Ensure Hawaii is energy and food self-sufficient and sustainable to the maximum extent feasible;
3. Help Hawaii's natural resources and population adapt and be resilient to the inevitable challenges brought on by climate change;
4. Create a Hawaii economic development task force to accelerate and support public and private efforts to make Hawaii energy- and food-self-sufficient, consistent with the "Hawaii 2050 Sustainability Plan," the "Hawaii Clean Energy Initiative," and other government and community planning efforts.
5. Establish an agricultural development and food security special fund to fund activities intended to increase agricultural production or processing that may lead to reduced importation of food, fodder, or feed from outside the state; and
6. Establish a clean energy initiative to manage the state's transition to a clean energy economy.

## SECTION 2. Amends ERRF – §128D-2

- Moneys into Environmental Response Revolving Fund come from newly named Environmental Response, Energy, And Food Security Tax
- ERRF no longer capped at \$20M
- EREFS Tax no longer suspended when ERRF at \$20M
- Housekeeping changes

## SECTION 3. Amends ESSF – §201-12.8

- a) Energy security special fund receives funding from EREFS Tax
- b) Subject to appropriation, moneys from the fund may be expended by DBEDT for the following purposes and used for no other purposes, except:
  - 1) To support HCEI and the Energy Division, including staffing positions
  - 2) To fund the Renewable Energy Facilitator
  - 3) To fund, to the extent possible, the GHGERTF, climate change task force, GIAs (§42F) to the EDBs and economic development agencies of each county to meet the stated objectives of HCEI.

## SECTION 3. Amends ESSF – §201-12.8 (con't)

- c) DBEDT shall submit a report to the legislature, 20 days before session, on the status and progress of existing programs and activities and the status of new programs and activities funded by the ESSF. The report shall also include:
- 1) **The spending plan of the energy security special fund;**
  - 2) **All expenditures of energy security special fund moneys; and**
  - 3) **The targeted markets of the expenditures, including**
    - **the reason for selecting those markets;**
    - **the persons to be served; and**
    - **the specific objectives of the expenditures, including measurable outcomes.**

## SECTION 4. Amend ERT – §243-3.5

- Environmental response, energy, and food security tax; uses. (a) In addition to any other taxes provided by law, subject to the exemptions set forth in section 243-7, there is hereby imposed a state environmental response, energy, and food security tax on each barrel or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user of petroleum product, other than a refiner. The tax shall be \$1.05 on each barrel or fractional part of a barrel of petroleum product that is not aviation fuel; provided that of the tax collected pursuant to this subsection:
  - 1) 5 cents into the environmental response revolving fund (§128D-2);
  - 2) 15 cents into the energy security special fund (§201-12.8);
  - 3) 10 cents into the energy systems development special fund (§304A-2169); and
  - 4) 15 cents into the agricultural development and food security special fund (§141).
  - 5) 60 cents into the General Fund.

## SECTION 5. – §304A-2169 Energy Systems Dev SF

- Allows energy systems development special fund to receive EREFST funds
- §304A-2169 - There is established the energy systems development special fund for the purpose of developing an integrated approach and portfolio management of renewable energy and energy efficiency technology projects that will reduce Hawaii's dependence on fossil fuel and imported oil and other imported energy resources and move Hawaii toward energy self-sufficiency.

# HNEI Special Fund Activities

- Obtaining matching funds from federal and private sources for research, development, and demonstration of renewable energy sources;
- Awarding contracts or grants to develop and deploy technologies that will reduce Hawaii's dependence on imported energy resources and imported oil. Projects may be commissioned that:
  - A.** Balance the risk, benefits, and time horizons of the investment to ensure tangible benefits to the Hawaii consumer, with priority given to short- term technology development;
  - B.** Emphasize innovative and renewable energy supply and energy efficient end use technologies focusing on environmental attributes, reliability, and affordability;
  - C.** Enhance transmission and distribution capabilities of renewable energy supply for electricity;
  - D.** Enhance reliability and storage capabilities of renewable energy for electricity;
  - E.** Ensure that research, deployment, and demonstration efforts build on existing programs and resources and are not duplicated;
  - F.** Address critical technical and scientific barriers to achieving energy self-sufficiency by reducing dependence on imported oil and imported energy resources;
  - G.** Ensure that technology used and developed for renewable energy production and distribution will be commercially viable; and
  - H.** Give priority to resources that are indigenous and unique to Hawaii; and
- Managing the portfolio of projects commissioned under this subsection.



# Section 6. Hawaii Economic Development Task Force

- Established in DBEDT for administrative purposes
- Purpose: facilitate the accelerated adoption and completion of
  - **renewable-energy projects**
  - **energy-efficiency programs**
  - **agricultural infrastructure and development, and**
  - **Other measures**to meet the purposes of the Act
- Shall develop and maintain a broad overview of energy and food security issues that apply an interdisciplinary approach to ensure that Hawaii's energy and food policy and program development is integrated within the overall economic, social, environmental, and cultural aspects of society

## Section 6. HEDTF Shall:

- 1) Identify and review each state and county agency's policy objectives, mandates, organizational structure, and resources to address energy and food security issues;
- 2) Identify all federal and private funds available to the State and counties to address energy and food security issues;
- 3) Identify effective measures for interagency cooperation, coordinate efforts with the counties, and promote public- and private-sector partnerships to achieve the objective of energy and food security;
- 4) Identify existing programs and agreements addressing energy and food security that may be enhanced through legislation;
- 5) Investigate alternative institutional mechanisms to promote the efficient execution and implementation of a multi-year strategy to achieve energy and food security;

## Section 6. HEDTF Shall (con't):

- 6) Investigate the streamlining of administrative processes to accelerate and achieve energy and food security;
- 7) Provide an appropriate forum for all affected or interested parties to address energy and food security issues;
- 8) Recommend appropriate legislation resulting from its findings to improve, accelerate, and achieve the objective of energy and food security;
- 9) Review whether:
  - a) **The apportionment of the environmental response, energy, and food security tax among the funds listed under section 243-3.5, Hawaii Revised Statutes, is appropriate;**
  - b) **The apportionment should be changed; and**
  - c) **Any additional special, trust, or revolving fund should receive a share of the tax;**
- 10) Perform any other function necessary to effectuate the purposes of this part.

## Section 6. HEDTF Membership:

- 1) DBEDT Director or designee, who shall chair;
- 2) Chair, Board of Agriculture or designee;
- 3) Director, Office of Planning or designee;
- 4) Chair, Board of Land and Natural Resources or designee;
- 5) Dean, University of Hawaii College of Tropical Agriculture and Human Resources or designee;
- 6) Three members to be designated by the Speaker of the House;
- 7) Three members to be designated by the President of the Senate; and
- 8) A representative from each county's private economic development board.

## Section 6. HEDTF Final Provisions

- Members shall serve without compensation but reimbursed for expenses
- Task Force shall consult with appropriate private, nonprofit, community, and government stakeholders
- DBEDT may contract with UH for any services to support the work of the task force
- The task force shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the 2011 session.
- The task force shall also submit a follow-up report to the legislature twenty days prior to the 2012 session, including
  - **description of the activities funded by the environmental response, energy, and food security tax,**
  - **progress made toward energy and food self-sufficiency, and**
  - **any additional action necessary to achieve energy and food self-sufficiency.**
- The task force shall cease to exist on June 30, 2012

# SECTION 7. Ag Dev & Food Security Special Fund

- Establishes Special Fund in Chapter 141
- Subject to appropriation, Ag Dev & Food Security Special Fund can fund:
  - 1) Grants to farmers for agricultural production or processing activity;
  - 2) Acquisition of real property for agricultural production or processing activity;
  - 3) Improvement of real property, irrigation systems, and transportation networks necessary to promote agricultural production or processing activity;
  - 4) Purchase of equipment necessary for agricultural production or processing activity;
  - 5) Research on and testing of agricultural products and markets;
  - 6) Funding of agricultural inspector positions within the department of agriculture;
  - 7) Promotion and marketing of agricultural products grown or raised in the state; and
  - 8) Any other activity intended to increase agricultural production or processing that may lead to reduced importation of food, fodder, or feed from outside the state.

## SECTION 7. Ag Dev & Food Security Special Fund

- The department of agriculture shall submit a report to the legislature twenty days prior to session on the status and progress of existing programs and activities and the status of new programs and activities funded under the agricultural development and food security special fund. The report shall also include:
  - 1) The spending plan of the agricultural development and food security special fund;
  - 2) All expenditures of agricultural development and food security special fund moneys;
  - 3) The targeted markets of the expenditures, including the reason for selecting those markets;
  - 4) The persons to be served using the expenditures; and
  - 5) The specific objectives of the expenditures, including measurable outcomes.

## SECTION 8. HCEI (§196-\_\_)

- a) HCEI is established in DBEDT to manage the state's transition to a clean energy economy. HCEI shall design, implement, and administer activities that include:
- 1) **Strategic partnerships for the research, development, testing, deployment, and permitting of clean and renewable technologies;**
  - 2) **Engineering and economic evaluations of Hawaii's potential for near-term project opportunities for the state's renewable energy resources;**
  - 3) **Electric grid reliability and security projects that will enable the integration of a substantial increase of electricity from renewable-energy resources;**
  - 4) **A statewide clean energy public education and outreach plan to be developed in coordination with Hawaii's institutions of public education;**
  - 5) **Promotion of Hawaii's clean and renewable resources to potential partners and investors;**
  - 6) **A plan, to be implemented from 2011 to 2030, to transition the state to a clean energy economy; and**
  - 7) **A plan, to be implemented from 2011 to 2030, to assist each county in transitioning to a clean energy economy.**



## SECTION 8. HCEI (§196-\_\_)

- b) Prior to the initiation of any activities authorized under subsection (a), DBEDT shall develop a plan of action with the intent of promoting effective prioritization and focusing of efforts consistent with the State's energy programs and objectives.
- c) DBEDT shall submit a report to the legislature twenty days prior to session on the status and progress of new and existing clean energy initiatives. The report shall also include:
- 1) **The spending plan of HCEI;**
  - 2) **All expenditures of energy security special fund moneys; and**
  - 3) **The targeted markets of the expenditures, including**
    - reasons for selecting those markets,
    - the persons to be served,
    - specific objectives of the program, and
    - program expenditures, including measurable outcomes.

# Final Sections

- SECTION 9. Subject to the availability of federal funding for energy programs provided by grants, and subject to the constraints, oversight, and reporting requirements of those federal programs, the governor is authorized to establish positions necessary to accomplish the management of those energy projects funded by federal grants; provided that the positions shall be exempt from chapters 76 and 89, Hawaii Revised Statutes; and provided further that the governor shall submit a report to the legislature on all positions established as of December 31 and June 30 of each fiscal year that the positions exist and are occupied.
- SECTION 10. Any unexpended or unencumbered funds remaining in the agricultural development and food security special fund established by this Act, as of the close of business on June 30, 2015, shall lapse to the credit of the general fund.
- SECTION 11. DBEDT shall study and analyze the environmental response, energy, and food security tax in section 4 of this Act, including its amount and allocation, and its effectiveness in accomplishing the goals and objectives of this Act. The department shall report its findings and recommendations, including any proposed legislation, to the legislature twenty days prior to session, ending with 2015.
- SECTION 12. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun, before its effective date.
- SECTION 14. This Act shall take effect on July 1, 2010; provided that sections 2, 3, 4, and 7 of this Act shall be repealed on June 30, 2015, and sections 128D-2, 201-12.8, and 243-3.5, Hawaii Revised Statutes, shall be reenacted in the form in which they read on June 30, 2010.

# Reports

- a) Sec 3: ESSF Report – DBEDT shall report on the status and progress of existing programs and activities and the status of new programs and activities funded by the ESSF. The report shall also include:
- 1) The spending plan of the energy security special fund;
  - 2) All expenditures of energy security special fund moneys; and
  - 3) The targeted markets of the expenditures, including
    - the reason for selecting those markets;
    - the persons to be served; and
    - the specific objectives of the expenditures, including measurable outcomes.
- b) Sec 8: HCEI Report – DBEDT shall report on the status and progress of new and existing clean energy initiatives. The report shall also include:
- 1) The spending plan of HCEI;
  - 2) All expenditures of energy security special fund moneys; and
  - 3) The targeted markets of the expenditures, including
    - reasons for selecting those markets,
    - the persons to be served,
    - specific objectives of the program, and
    - program expenditures, including measurable outcomes.

# Reports (Con't)

- c) Sec 6: The HED task force shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature twenty days prior to the 2011 session. The HED task force shall also submit a follow-up report to the legislature twenty days prior to the 2012 session, including:
  - **description of the activities funded by the environmental response, energy, and food security tax,**
  - **progress made toward energy and food self-sufficiency, and**
  - **any additional action necessary to achieve energy and food self-sufficiency.**
- d) Sec 7: Dept of Ag report
- e) Sec 11. DBEDT shall study and analyze the environmental response, energy, and food security tax in section 4 of this Act, including its amount and allocation, and its effectiveness in accomplishing the goals and objectives of this Act. The department shall report its findings and recommendations, including any proposed legislation, to the legislature twenty days prior to session, ending with 2015.